



HEIDI MAGUIRE
associates

Jargon Buster

Apportionment

A proportionate sum of money that an owner has to contribute or is entitled to receive. Usually this relates to Leasehold property where rent and service charges will need to be apportioned because they are outstanding or have been prepaid to a date after completion.

Bankruptcy Search

If you are purchasing with the aid of a mortgage, your conveyancer will be obliged to undertake this search by your mortgage provider.

Bridging Loan

A loan taken out to 'bridge' the gap whilst waiting for the proceeds from the sale of a property, or the receipt of a mortgage.

Building Regulation Consent

Most works to a property require consent under Building Regulations even where Planning permissions are not required. The Local Authority is the body responsible for issuing such consents. Carry out building works without proper consent can lead to significant problems and delays when properties are being sold.

Buildings Insurance

This is obtain by the owner of the property and provides cover against a number of risks including storm damage, flooding, or accidental damage. If the property is a leasehold flat the landlord will probably take out this insurance against the whole building and the tenant will be responsible for a proportionate part of the premium which will usually form part of the tenants service charge.

Caveat Emptor

Latin for 'Let the buyer beware'. In other words a buyer must ensure that the home that they are about to buy is free from defects and that they bear the risk if they do not check. In property transactions the seller is legally obliged not to mislead the buyer, but -other than the onus is on the buyer to satisfy themselves that the property is in the condition that they want.

Chain

The term used to describe the situation where there are several parties in a Conveyancing transaction - for example, A is selling to B, B is selling to C, C is selling to D etc. - these parties are referred to as the 'chain'.

Cleared Funds

These are usually requested when monies are needed urgently and there is insufficient time for clearance through the bank in the way a personal cheque does. Cleared funds take the form of a Telegraphic Transfer in the specified sum direct from your bank account to your solicitors.

Completion Date

The date legal ownership of the property is transferred from the seller to the buyer. This date should be agreed between the parties. Only after contracts have been exchanged can the date agreed for completion be agreed.

Contract

The legally binding agreement between the buyer and seller. The contract sets out the main terms of the agreement and provides provisions in the event that should something should go wrong. Once both the buyer and the seller are happy they each sign a copy of the contract, thereafter contracts are exchanged. authority, it refers to an area which is of special architectural or historical interest, where the character or appearance is to be preserved or enhanced.

Contaminated Land

Land affected by contamination arising from a past use or by the storage of things on the land in the past. Specialist searches can be carried out and if necessary insurance cover obtained.

Contract

This document defines the extent of the land to be sold and sets out the terms of that sale. It is prepared by the sellers solicitor in duplicate, both seller and buyer are required to sign a copy. Once the contracts have been exchanged this contract becomes a legally binding agreement.

Commonhold

This is a new form of freehold land ownership. It involves the freehold tenure of part of a multi-occupancy building (typically a flat) with shared ownership of and responsibility / control for common areas and services.

Deed holder

The person or organisation that has possession of the Title Deeds to your property. If the property is subject to a mortgage this is likely to be your current lender. If not, these documents are likely to be in either your possession or a firm of solicitors previously appointed.

Defect in Title

A problem with the paper title to the property for example the lack of an expressly granted right of way to the property. It is usually possible to deal with such issues, one such way is to obtain an indemnity insurance policy, which will provide cover and allow the transaction to proceed.

Deposit

This is the money payable on exchange of contracts. The contract provides for this to be 10% of the purchase price of the property, however, subject to the agreement of the seller this can be reduced. This sum is non-refundable except in very rare and exceptional circumstances.

Disbursements

Expenses incurred by your solicitor during the course of the transaction. These usually relate to the obtaining of searches or copy documents and include the payment of Stamp duty and Land registration fees.

Disadvantaged Area Relief

A reduction in Stamp Duty Land Tax for properties situated in certain designated areas. These areas are selected by reference to national Indices of Deprivation. A 'postcode search tool' is available on the Inland Revenue web-site.

Exchange (of contracts)

Once contracts have been exchanged the sale becomes legally binding, the seller is obligated to sell and the buyer is obligated to buy. It is at this point that the date of completion and the price of the property will be fixed.

Equity

This is the difference between the open market value of the property less the amount owing on any mortgage or secured loan. If the market value is higher than the amount owed, then you have 'equity' in your property. If however, the owed exceeds the market value you are in a 'negative equity' position.

Estate Agents Account

The fees charged by your estate agent for marketing your property and securing a buyer. These fees are generally paid on completion by your solicitor.

Flying Freehold

A flying freehold exists when one part of a property extends over, or under, a neighbouring property.

Fixtures, Fittings & Contents Form

This form details what items at the property are to be included in the sale. The form is completed by the seller in the early stages of the transaction and will subsequently form part of the contract Home Information Pack. From the 1st August 2007 it will be a mandatory requirement for all properties of 4 bedrooms and above that are put up for sale must have a Home Information Pack. It will contain an Energy Performance Certificate, a Sale Statement, evidence of title and searches. The pack will be purchased by the seller and copies will be provided to potential buyers.

Inheritance Tax

Inheritance Tax is payable on death on the value of the deceased estate.

Joint Tenancy

Method of owning property jointly, where the share of a deceased owner passes automatically to the co-owner Land Registry (HMLR), an official body with responsibility for maintaining records of ownership of land.

Local Authority Search

This covers such matters as if the road serving the property is maintained by the council, and whether there have been any previous planning applications. This is a search against the property and not the surrounding area and therefore will not show matters which affect the surrounding area.

Management Company / Agent

A company appointed by the Landlord to collect the ground rent, service charge and in some cases insure, repair and maintain the property.

Memorandum of Sale

This is prepared by the estate agent and shows particulars of the property being sold, including price and details of the seller, buyer and their respective solicitors.

Mortgage

A mortgage is a loan taken out to aid in the purchase of a property. The loan is secured against the property, and as such if you default on the repayments as agreed with your mortgage lender they will be entitled to take possession of the property and sell it on to recover the amount outstanding on the loan. If you are selling your property you may find that you are charged a financial penalty, if you are selling the property earlier than agreed.

Mortgage Deed Document

Signed by the person taking out the loan, by signing the mortgage you are confirming your agreement to the terms and conditions of the lender.

Mortgage Lender / Provider

The financial organisation that provides the loan (mortgage) to enable the purchase. These are often referred to as the Mortgagee Occupiers Consent Form. This form has to be completed by any person's aged 17 and above who will be resident at the property following completion, but whose names do not appear on the mortgage offer. By signing the form they waive any rights to occupation or ownership in the event that the property is repossessed by the lender.

Office Copy

These are an official copy of the details of the title to a property as held by the Land Registry.

Property Information Form

This is a standard form prepared by the Law Society that contains information about the sale property. It includes details of boundaries, services, guarantees and alterations amongst others.

Radon Gas

A naturally occurring gas, which is present in the ground and can be found at low levels in buildings. Some areas have high levels, which will require remedial measures to be taken. An enquiry related to radon levels is contained in the local search.

Searches

Checks of records of public authorities for information about the property which include:

Local Authority Search

Check status of roads, planning permissions, compulsory purchase orders, new road proposals .

Drainage Search

To ensure property is connected to mains drainage, water and the proximity of the nearest sewer.

Land Registry Search

Check if the title is registered, any 3rd party interests, if any party is a bankrupt. There are various other additional searches that can be undertaken if appropriate, coal mining authority, environmental, commons registration and so on.

Shared Ownership

A scheme that allows a buyer to purchase a property jointly with a housing association which will finance part of the purchase and allow future purchases of an additional share.

Survey

This is a report carried out by a qualified surveyor and deals with the physical state of the property being bought. The buyer needs to be aware that the property is 'sold as seen' and the onus is on the buyer to ensure that there are no physical defects. Most mortgage lenders require a mortgage valuation before they will agree to lend.

Stamp Duty Land Tax

A government tax payable on completion of all purchases where the value is above £125,000. The current rates are:

- Value up to £125,000 = zero
- £125,000 - £250,000 = 1%
- £250,000 - £500,000 = 3%
- £500,000 and above = 4%

Transfer Deed

The document that passes the ownership of the property from the seller to the buyer.

Tenants in Common

A way of owning property jointly, where each owner's share can be specifically recorded. On the death of one owner his/her share passes in accordance with the terms of the will and not automatically to the co-owner(s) of the property.

Title Deeds

These provide details of the owner of the property. In addition details of any rights, obligations or restrictions affecting the property will be contained within the title deeds, as well as details of any mortgages which the property may be subject to.